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HOUSING POLICY
DEVELOPMENT, HCD

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California Department of Housing and Community Development
Division of Housing Policy Development
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SUBJECT: ANNUAL HOUSING ELEMENT PROGRESS REPORT

Jurisdiction: City of Laguna Beach

Address: 505 Forest Avenue, Laguna Beach, CA 92651

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Report Period: January – December 2006

A. Progress in meeting Regional Housing Need:

1. Total number of new housing permits finalized in 2006: 21
2. Describe the affordability, by income level, of new units including the number of deed restricted affordable housing units:

In the years between 2000 and 2005, the City exceeded its RHNA goal, with the exception of 2 low-income units, as noted in #3 below. Between 2000 and 2006 the City's new housing construction included 26 very-low income housing units, six moderate income housing units, and 243 above moderate units. All new housing constructed 2006 calendar year was in the above moderate income group. Due to a private-public partnership between the City and the Related Group, construction was completed on 26 very-low income studio rental units and one manager's unit in January, 2004. All 26 units within Alice Court, at 450 Glenneyre Street, are being rented to very-low income households. The project will remain affordable for a minimum of 55 years, at which time the property will revert to the City. Six second residential units (640 square feet or less) comprise the City's moderate-rate units and were built between 2000 and 2004; however, they are not income restricted.



3. Compare units added to regional housing need allocation by income category (very low, low, moderate, and above moderate):

		<u>Housing</u>	
		<u>Construction</u>	<u>Constructed</u>
<u>Income Group</u>	<u>2005 Goal</u>	<u>Need</u>	<u>2000 - 2005</u>
Very-low	19%	3 Units	26 Units
Low	12%	2 Units	-0-
Moderate	17%	3 Units	6
Above Moderate	52%	8 Units	222

B. The effectiveness of the Housing Element in attainment of the community's housing goals and objectives:

1. Assess effectiveness of actions and outcomes:

Following is a program-by-program status report relative to implementation schedule from each program in the Housing Element, which includes describing actions taken to implement each program.

Action Description #1 for Goal 1: Enforce existing Municipal Code provisions relating to the property use and development of properties throughout the City. This action includes, but is not limited to, responding to and investigating alleged zoning violations such as illegal uses, outdoor storage, and illegal structures/construction in residentially zoned districts.

The City's Code Enforcement staff actively responds to complaints of zoning violations and enforces the Zoning Ordinance. Code enforcement activities represent a significant quantity of work for the Community Development Department. This action is achieving the objective of preventing deterioration of existing residential neighborhoods.

Action Description #2 for Goal 1: Review development proposals within or adjacent to existing residential neighborhoods for potential conflicts (intrusive, disruptive or incompatible land uses and/or activities).

All new development proposals are reviewed for compliance with the Municipal Code for compatibility in design and use with the neighborhoods in which they are proposed. Additionally, the Municipal Code and General Plan are continually updated to establish standards and policies to prevent the impacts of intrusive, disruptive or incompatible land uses and/or activities. For example, in 2005 the Noise Element and Noise Ordinance were comprehensively updated to better protect residential neighborhoods from excessive noise impacts. Due to the continual monitoring of incompatible uses and activities, and responding with new standards and policies, the City has been successful in its attempt to achieve its objective of protecting residential uses from intrusive, incompatible or potentially disruptive uses and/or activities.

Action Description #3 for Goal 1: Encourage participation in the City's Historic Preservation Program by publishing periodic press releases, offering incentives to register historically significant homes on the City's Historic Register, and pursuing funding and tax relief incentives for historic preservation activities. Give priority assistance to historic home projects that are occupied by low and moderate-income households.

The City has adopted a Historic Resources Element of the General Plan and a Historic Preservation Ordinance, which provide preservation incentives and highlight the importance of historic preservation to the community. The City's Heritage Committee is responsible for evaluating proposed modifications to historic structures and recommending modifications that preserve the character of historic structures. Due to the City's Historic Preservation Program, which offers incentives such as parking exceptions, setback flexibility, the waiver of permit fees, and the provision of property tax relief, the City has exceeded its objective of preserving and rehabilitating at least one historically significant home by year 2005.

Action Description #4 for Goal 1: Preserve existing mobile home parks as an alternative form of housing through the application of the City's Mobile Home Park Zone and other implementing ordinances and State programs.

The City maintains the Mobile Home Zoning designation which meets its objective of preserving manufactured and mobile housing stock as an alternative housing opportunity.

Action Description #1 for Goal 2: Provide technical assistance and information regarding housing rehabilitation, energy conservation and low-interest rehabilitation loans to all eligible homeowners and residential property owners for rehabilitation of existing residential units through federal or other governmental programs.

The City provides technical assistance and information regarding housing rehabilitation, energy conservation and low-interest rehabilitation loans to all residential property owners for rehabilitation of existing residential units. The City's Housing & Human Services Committee conducted a comprehensive workshop addressing housing rehabilitation and related topics in June, 2002. The workshop included speakers from the County of Orange regarding Section 8 subsidies, reverse mortgages and other financing sources, utility company representatives explained low-income subsidy programs, and a Fair Housing Council representative discussed landlord and tenant rights. Whenever community members have related questions, those individuals are referred to the appropriate staff member (i.e., the Building Official, etc.) and/or agency (County of Orange, Department of Housing and Community Development, Utility Companies, etc.). The City has exceeded its objective of preserving at least two units of the City's housing stock, including improved energy efficiency.

Action Description #2 for Goal 2: Encourage the development of mixed-use projects that include residential units in commercial zones.

The City has prepared and distributed information packets related to the development of residential units within mixed use developments to realtors, contractors, and property owners of commercially-zoned properties. The City has achieved its objective of increasing housing alternatives through mixed-used development.

Action Description #3 for Goal 2: Encourage artists' joint living and working units as allowed in various zoning districts throughout the City.

The City has prepared and distributed information packets regarding the development of artists' joint living and working units in allowable zoning districts. The City is achieving its objective of creating artists' live/work units; however, the number of these units remains lower than the need, and development of lower-cost artists' live/work units is particularly difficult due to the high land and construction costs in Laguna Beach. A Planning Commission Subcommittee is evaluating potential amendments to the Artists' Live/Work Ordinance to provide incentives to encourage their development and to address the need for lower-cost artists' live/work units.

Action Description #4 for Goal 2: The City shall maintain an In-lieu Housing Fund. Payment into the fund shall provide an alternative to the provision of low or moderate-income housing in new subdivisions, whenever the provision of low or moderate-income housing is deemed infeasible. Payment of an in-lieu housing fee shall also be required for conversion of two-family and multi-family developments into fewer residences, whenever such residences are located in medium or high density zones and conform to the density standards of such zones. Such fee shall also be required for demolition or conversion of residential units located in mixed-use developments. The fund may be expended for any costs directly related to the production or preservation of very-low, low and moderate income housing projects in the City of Laguna Beach, including the following: 1) site improvements and infrastructure facilities; 2) acquiring suitable sites or writing down land costs for sites; 3) planning and engineering services; 4) grants; and 5) other costs such as subsidies, as deemed appropriate by the City Council.

The City continues to maintain an In-lieu Housing Fund. The last project to receive In-lieu housing funds was the land purchase and development of 26 very-low income housing units at 450 Glenneyre Street in 2004. With the development of the 26 very-low income units, the City has exceeded its very-low income objective.

Action Description #5 for Goal 2: Investigate the potential application of affordable housing subsidy programs and funding sources to preserve "at-risk" very-low, low and moderate-income housing from conversion to market-rate housing on an ongoing basis, and establish a program for the City to work with property owners to preserve very-low, low and moderate income housing that is "at-risk" for converting to market-rate housing.

The City continues to investigate the potential application of affordable housing subsidy programs and funding sources to preserve "at-risk" very-low, low and moderate-income housing from conversion to market-rate housing. As required by State law, the Housing Element identifies two low-income Senior Citizen housing developments in which the affordability restriction could potentially expire during the 2010. The first is Harbor Cove at 310-312 Broadway, which under certain conditions could have expired as early as June, 2004. Based on increasing property values and lack of affordable housing in the City, it would be unlikely that the City Council could justify an early conversion to market rental rates. Therefore, Harbor Cove is not considered at-risk of conversion until 2019. The second project identified as "at-risk" for conversion by 2009 is Vista Aliso, at 21544 Wesley Drive. Since adoption of the Housing Element, the City has learned that the HUD Section 202 mortgage affordability

expiration date is January 2028, rather than 2009. Therefore, the first City's low/moderate income housing is not at-risk for conversion until 2019.

Action Description #6 for Goal 2: Pursue Community Development Block Grant (CDBG) and other federal and State funding programs for the development and preservation of low and moderate-income housing.

Due to the high cost of land in Laguna Beach and the resulting lack of low and moderate income development opportunities, CDBG funding has been used solely for the City's cold weather shelter program over the 2000 – 2005 Housing Element cycle. However, if an affordable housing opportunity were presented, the City would pursue CDBG and other federal and State funding to assist developers in providing low and moderate-income housing in the City. Additionally, federal tax credits were used in the development of 26 very-low income housing units at 450 Glenneyre Street in 2004. Therefore, the City is achieving its objective of pursuing State and federal funding to increase affordable housing opportunities in the City.

Action Description #7 for Goal 2: Provide incentives such as reduced fees, density bonuses and In-lieu Housing Fund contributions for the development of housing that offers long-term affordability to very-low, low or moderate-income households and persons. Emphasize the establishment of new Section 8 units through the program.

The City granted In-lieu Housing funds and a density bonus for the development of 26 very-low income housing units at 450 Glenneyre Street in 2004. The City continues to meet its objective of encouraging the development of very-low, low and moderate-income housing. Additionally, the City's Housing & Human Services Committee conducted a comprehensive workshop addressing housing rehabilitation and related topics in June, 2002. The workshop included speakers from the County of Orange regarding the Section 8 program.

Action Description #8 for Goal 2: Impose adequate conditions of approval on projects that include very-low, low and moderate-income housing to ensure that affordable units will continue to be priced at intended levels and that occupancy restrictions related to income and age will continue to be observed. Such conditions may include the selection of a monitoring agency to implement the affordable housing rents/prices and related affordability conditions.

The City requires private developments to offer affordable units at intended prices and to specified household types through the imposition of conditions such as a requirement to submit monitoring information periodically. Such information includes tenant rental information, the number of residents in each unit, gross monthly rent, and household income.

Action Description #9 for Goal 2: Provide information to local landlords regarding participation in the HUD Section 8 rent subsidy program, and information regarding low-interest rehabilitation loans.

In June, 2002, the City's Housing & Human Services Committee conducted a workshop, which included speakers from the County of Orange regarding the Section 8 subsidy, reverse mortgages and other funding sources, and a Fair Housing Council representative discussed landlord and tenant rights. The City is achieving its objective of providing information regarding the HUD

Section 8 subsidy program and low-interest rehab loans to landlords to increase the number of affordable rental units in the community.

Action Description #10 for Goal 2: Grant incentives for the provision of senior citizen residences that comply with the City's Second Unit Ordinance, and review present incentives related to all second residential units for potential revision to be more adaptable to lot sizes, including reducing the minimum lot size and parking requirements.

With the most recent changes to State law, the City's Second Residential Unit Ordinance was amended to apply equally to all potential residents. On February 6, 2007, at the recommendation of the Housing & Human Services Committee, the City Council requested the Planning Commission to evaluate potential revisions to the City's Ordinance to relax current restrictions and increase potential affordable housing opportunities for senior citizens and other smaller households in Laguna Beach. This has been assigned to Planning staff as a special project, which will be completed in conjunction with the Housing Element update.

Action Description #11 for Goal 2: Pursue selection and acquisition of sites suitable for a minimum of 25 very-low, low and moderate income housing units, which includes approximately 21 units planned for development at 450 Glenneyre, with priority being given to very-low income families, and encourage joint venture development with non-profit organizations and the private sector. Consideration should also be given to rehabilitating units that are suitable for low-income housing.

The City has achieved its objective of developing at least 25 affordable housing units by the year 2004, with the development of 26 very-low income units at 450 Glenneyre Street in 2004.

Action Description #12 for Goal 2: Give priority consideration to the use of appropriately zoned, surplus City-owned land as sites for potential development of very-low, low and moderate income housing.

The City fulfilled its objective of expanding low-income housing opportunities with the development of 26 very-low income units at 450 Glenneyre Street in 2004, on City-owned property.

Action Description #13 for Goal 2: Encourage the preservation and creation of neighborhoods that provide low and moderate-income housing opportunities through flexible zoning provisions such as allowing mixed-uses, second units and artists' live/work units.

The City continues to offer flexible zoning such as mixed-uses in commercial zones, second residential units in the R-1 and R-HP Zones, and artists' live/work units in commercial, residential and light industrial zones for the potential expansion of existing affordable housing opportunities. A Planning Commission Subcommittee is currently evaluating the Artists' Live/Work Ordinance to consider the recommendation of incentives to encourage the development of lower-cost artists' live/work units. The City will also be evaluating the Second Residential Unit Ordinance, in conjunction with the Housing Element update, to consider amending current restrictions to increase the quantity of affordable housing in Laguna Beach. Six second residential units have been developed in the City since 2000. Due to their smaller

size of 640 square feet or less, and relative lower rental rates, these units have exceeded the City's moderate income goal of three units.

Action Description #14 for Goal 2: To the extent feasible, expedite residential development applications to reduce processing time, which in turn reduces development costs.

The City continues to expedite residential development applications to the greatest extent possible to reduce processing time and related development costs, by striving to maintain a ten business day turnaround on zoning and building plan check applications. This process has, in part, enabled the City to exceed its goal of producing a minimum of 91 above-moderate income housing units by 2005.

Action Description #15 for Goal 2: Establish criteria by which the City Council shall determine whether or not the provision of new very-low, low and moderate income housing is feasible in new subdivisions of three or more lots or units, or for the replacement of very-low, low or moderate income housing that has been removed or converted.

The City intends to adopt a Housing Ordinance in conjunction with the next Housing Element update. One aspect of the Housing Ordinance will be to develop an affordable housing implementation procedure which will establish the criteria for allowing the payment of a housing fee in-lieu of providing affordable housing units within a development.

Action Description #16 for Goal 2: Establish a program to inform very-low and low-income senior citizens of a variety of funding sources to enable them to maintain and renovate their homes.

The City's Senior Services Coordinator provides information regarding local low-income residential units, shared-housing programs, and other low-income housing opportunities and funding sources available, to enable Laguna Beach senior citizens to remain in their homes for as long as possible. In June, 2002, the City's Housing & Human Services Committee conducted a workshop, which included speakers from the County of Orange regarding Section 8 subsidies, a Fair Housing Council representative discussed landlord and tenant rights, and another speaker provided information regarding reverse mortgages for senior citizens.

Action Description #1 for Goal 3: As a participating City in the County of Orange Community Development Block Grant (CDBG) program, support that program's annual contribution of CDBG funds to the Orange County Fair Housing Council (OCFHC).

The City continues to support the CDBG program's annual contribution to the OCFHC.

Action Description #2 for Goal 3: City staff shall refer people with issues regarding unfair housing practices to the Orange County Fair Housing Council (OCFHC).

The Community Development and Community Services Departments continue to refer people with concerns of unfair housing practices to the OCFHC, thereby achieving the objective of informing Laguna Beach residents of the OCFHC which provides advice regarding fair housing practices.

Action Description #3 for Goal 3: Inform housing agencies, such as the Orange County Housing Authority, the OCFHC and Department of Housing and Community Development (HCD), of the City's Sexual Orientation Discrimination Ordinance, which includes provisions against discriminatory housing practices on the basis of sexual orientation.

The City has notified these housing agencies of the City's Sexual Orientation Discrimination Ordinance, in order for these housing agencies to notify Laguna Beach residents of special protections afforded them under the Sexual Orientation Discrimination Ordinance.

Action Description #4 for Goal 3: Whenever feasible, ensure that selection of affordable housing sites includes adequate consideration of the needs of senior citizens, very-low income Laguna Beach wage earners and other special needs households, such as proximity to services and public transportation.

The Community Development Department considers such aspects of potential affordable and/or senior housing in its development review, in order to provide for the physical and locational needs of senior citizens and other special needs households. The 2004 project of 26 very-low income units at 450 Glenneyre Street is located in the downtown central business district of the City near public transit, a public library, the beach, and shopping opportunities.

Action Description #5 for Goal 3: Give priority in granting public incentives to low and moderate-income housing projects that are designed for senior citizens and other special needs individuals and households. Highest priority shall be given to those projects that offer affordable congregate care where supervision, meals and nursing services are available. Potential incentives include density bonuses, improvement cost write-downs, fee reductions or waivers, and relaxation of zoning standards.

The City continues to provide incentives such as subsidies from the In-lieu Housing Fund, density bonuses and reduced application fees for the development of long-term affordable housing for senior citizens, special needs households and low-income households, as well as working with developers to obtain grants, public financing and other incentives to provide affordable housing for senior citizens and special needs housing. In 2004, the City, in conjunction with a private developer completed the construction of 26 very-low income units, which could accommodate senior citizens and special needs households.

Action Description #6 for Goal 3: In conjunction with Laguna Beach Seniors, Inc., disseminate information and take other actions to make senior citizens more aware of available housing assistance.

The City's Senior Services Coordinator is achieving the City's objective by working with local seniors and Laguna Beach Seniors, Inc. to increase senior citizen awareness of housing assistance programs.

Action Description #7 for Goal 3: Require a portion of all new low and moderate-income housing units (both publicly and privately sponsored) to be physically accessible or adaptable to disabled persons.

The City has exceeded its objective of providing disabled access or adaptability for disabled access in a minimum of two (2) new low-income units by 2005, with the development of 26 very-low income residences in 2004 that are all adaptable for disabled access.

Action Description #8 for Goal 3: Solicit involvement of the Laguna Board of Realtors at Housing & Human Affairs Committee meetings and periodically inform local realty offices and the Architectural Guild of the City's need for low and moderate-income housing sites, and the incentive programs available to encourage the development of such housing.

The City Council has appointed two local realtors as members of the Housing & Human Services Committee. The City continues to increase awareness in the real estate/development industry of the City's affordable housing needs, programs, and incentives through the on-line availability of the Housing Element and a Housing Policy Information Guide, both of which are also available at the public counter.

Action Description #9 for Goal 3: Maintain the responsibility of the City's Housing & Human Services Committee to annually review the progress in implementation of the Housing Element policies and programs, to assess the standing of all special needs individuals and households, and to report its findings and recommendations to the City Council.

The Housing & Human Services Committee monitors the effectiveness of the City's housing programs, identifies and prioritizes housing issues, and increases public awareness of the City's housing needs through its annual review progress review of the Housing Element policies and programs. In February 2007, the Committee completed research and recommended changes to the City's Second Residential Unit Ordinance to provide greater flexibility and encourage their development. The City Council has authorized the formation of a Subcommittee to evaluate and recommend potential Ordinance modifications to the Planning Commission and City Council, which will be completed in conjunction with the Housing Element update.

Action Description #10 for Goal 3: Promote programs that coordinate shared housing opportunities for senior citizens and other special needs individuals.

The City's Senior Services Coordinator informs senior citizens of affordable housing alternatives, including shared housing opportunities, as a means of providing housing alternatives to reduce housing costs.

Action Description #11 for Goal 3: Support existing shelters for individuals with special needs.

The City continues to apply for CDBG funds to support the cold-weather shelter program for the homeless. The City's Community Assistance Grant Program also provides funding for facilities that provide shelter for special needs individuals, such as the Youth Shelter and the Friendship Shelter for the homeless.

Action Description #12 for Goal 3: Evaluate the feasibility of re-zoning land that is zoned A-R Agriculture-Recreation to residential zoning.

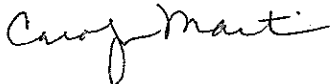
The City has only two parcels of land zoned A-R. One parcel is located in the gated community of Irvine Cove on the oceanfront. Due to its location near a coastal bluff, potentially significant impacts of such rezoning and potential development would have to be evaluated. Any rezoning of this land would be subject to approval of a General Plan Amendment, Zoning Amendment, and Local Coastal Program amendment by the City and California Coastal Commission, as well as approval of the Homeowner's Association (HOA). Should the HOA desire to rezone the land for housing development, the City and the California Coastal Commission would evaluate such amendment for potential coastal impacts to determine if housing development is a viable option at that location. The second parcel which is located in the Top of the World area, is in an Open Space Preserve area, has been identified as a seismic hazard landslide area, is traversed by a significant watercourse, and does not have direct street access. Due to the lack of street access and environmental constraints the site is not buildable.

C. Progress toward mitigating governmental constraints identified in the Housing Element.

The City is continually striving to achieve its objective of removing government constraints toward the provision of housing by processing development applications in a timely manner and providing expedited processing and fee reductions/waivers for the development of low-income housing.

In summary, the City of Laguna Beach is continuing to implement the goals and policies of its Housing Element and, therefore, has been successful in achieving the objectives of the 2000 – 2005 Housing Element programs.

Sincerely,



Carolyn Martin
Principal Planner
Community Development Department

Attachment

cc: John Montgomery, Director of Community Development
Ann Larson, Planning Administrator
Housing and Human Services Committee